

FLA Audit Profile	
Country	Mexico
Factory Code	01005001A
IEM	Verite
Date of Audit	June 28, 2002
# of workers	182
PC(s)	adidas-Salomon

		Findings				Remediation	Target Completion Date	Remediation Updates	Remediation Updates	Remediation Updates
FLA Code/ Compliance issue	FLA Benchmark and/or Legal Reference	Verite Findings	Best Practice - Verite Findings	PC Internal Audit Findings	PC Remediation Plan			PC Updates/Follow-up Comments for October 2002	PC Updates/Follow-up Comments for January 2003	PC Updates/Follow-up Comments for March 2003
1. Code Awareness/ Informed Workplace										
Employment and Personnel Policies	Per FLA Principles of Monitoring, Obligations of Companies: B. Create an Informed Workplace: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	FLA Code of Conduct is not posted in factory. Only specific brand Code of Conduct is posted.			Participating companies Code of Conduct is posted and training provided on brand codes. No action required. Brands will continue to provide training on Codes of Conduct.		30-Dec-02			
Local Laws		The auditors reported that no local or national labor laws were posted in the factory.			Post national and local labor laws in Spanish in a public place on the factory floor.		30-Dec-02	Management stated that they had local labor law book on site for reference but had not posted information.	Copies of the national labor code provided in 2 public areas of the factory.	
Policies		Management reported that the factory's personnel policies do not cover wages, benefits and deductions, vacations/leaves, overtime rates, grievance procedures, or harassment and abuse issues. The auditors also reported that the factory's policies have not been distributed to workers, and they were not posted in the factory.		Also noted in PC's audit reports.	1) Create comprehensive written policies and procedures on: Wages; Benefits; Deductions; Leave/Vacation; Regular and Overtime Hours; Overtime Rates; Disciplinary Practices; Termination; Grievance System; Harassment and Abuse. 2) Post copy of personnel policies and procedures in a public place in factory. 3) Distribute a copy of written policies and procedures to all workers.		30-Dec-02	Plant management is undergoing changes and plant manager is being replaced. Interim manager focused on one standard (Wages) for remediation. adidas Standards of Engagement requests that interim manager remediate all items in corrective action plan and will work with new plant manager for training on standards and implementation of remediation plan. HR department had drafted written policies and were awaiting approval by upper management.		Copies of written policies (in form of Employee Manual) posted in public area of factory and distributed to all workers. All workers and supervisors were informed of comprehensive policies and procedures. PC compliance staff verified in employee interviews that employees received and understood policies.
2. Forced Labor										
Contracts	Per FLA Benchmarks IB, Forced Labor: 1) Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.	[It was reported in worker interviews that some workers did not have] a written employment agreement with factory or a signed copy of their employment agreement. According to auditors, workers' personnel files contained signed copies of factory's internal rules, which management reported to be workers' employment agreements, but which auditors found to be inadequate for the purpose.			Post Collective Bargaining Agreement (CBA) in a public place, inform all workers of CBA contract terms, and inform all workers that they may have a copy of CBA upon request from HR department.		30-Dec-02	Workers do not sign individual contracts. Employment agreement is covered by CBA. Management agreed to post CBA in a public place and provide a copy of CBA to any worker that requests a copy.	Workers sign individual contracts (one for 30 days and one for indefinite time period as per law) and are provided a copy of signed contract. Workers receive benefits from date of hire. CBA is posted in a public place. PC compliance staff confirmed in interviews that employees received a copy of their employment contract.	
3. Child Labor										
4. Harassment or Abuse										
Discipline and Termination	Per FLA Benchmarks IIIB, Harassment and Abuse: 1) Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers. 4) Employers will utilize consistent written disciplinary practices that are applied fairly among all workers. 12) Employers will not use monetary fines and penalties for poor performance.	[It was reported in worker interviews that] factory's discipline and termination procedures [were considered] to be unreasonable, and that not all of factory's supervisors use the same disciplinary measures. In addition, workers interviewed reported that workers are suspended without pay for making production errors or for arriving late to work. [It was also reported in worker interviews that factory management has been unreasonable in its employee leave practices.]			Workers and supervisors should be provided clear, written rules and guidelines for discipline and termination. 1) Factory management should create and publish factory rules that define acceptable and unacceptable actions and relevant disciplinary actions. Ensure that there is an appropriate relationship between rules, violations, and the resulting disciplinary action. Create a termination policy that clearly defines termination procedures. 2) Post work rules and disciplinary policy in several public places in factory. 3) Provide employees with a copy of policy and then follow up training. 4) Provide supervisors with a copy of policy and then follow up leadership training. 5) All workers should be aware of formal grievance procedures or appeal system. Management should identify a confidential noncompliance reporting mechanism and provide training on grievance procedures to all workers. Include training in orientation.		30-Dec-02	A copy of factory rules are posted in HR office. No progress had been made on publishing written rules, posting information or providing training to workers.	Employee handbook created, distributed, and all workers informed of policies and procedures contained in handbook. Workers and supervisors have been trained on factory's disciplinary policies and procedures and on grievance policies and procedures. PC compliance staff confirmed that employees received training and understood policies and procedures. Factory management to include an explanation of policies to new employees at new hire orientation.	
Grievance Procedures		[Workers interviewed] reported judging grievance procedures to be ineffective. [Workers interviewed also] reported that procedures "give too much power to the supervisors." [Workers interviewed] reported that factory's procedures do not contain provisions for management follow up, and that procedures do not protect a worker's privacy or protect a worker from retribution.			1) Establish system of appeal or grievance for employees. Provide method for employees to report grievance or unauthorized form of discipline or punishment. Employees should be free to report a grievance without fear of penalty, dismissal or reprisal of any kind. Grievance system should include management follow up. 2) Inform all workers of grievance system and procedures. 3) Post explanation of grievance system and procedures in a public place. 4) After system is implemented, conduct an anonymous survey of workers to evaluate if grievance system is effective.		30-Dec-02	No grievance system had been created or written. Management requested more time to develop policies.		Grievance policy published in employee manual, posted in a public place, and workers and supervisors informed of the policy. PC compliance staff verified that employees were informed of the grievance policies.
No Harassment or abuse	Per FLA Benchmarks IIIB, Harassment and Abuse: 8) Employers will prohibit screaming, threatening, or demeaning verbal language.	Verbal harassment and abuse by supervisors reported in employee interviews.			1) Create policy banning all forms of harassment and abuse of employees, by either employees, supervisors or managers. 2) Post Harassment and Abuse policy in a public place in factory. 3) Inform all employees of policy and procedures. 4) Provide training to workers and supervisors on definition of harassment and abuse and corresponding disciplinary actions for practicing the behavior. Deal strictly with employees who breach policy by following progressive disciplinary system.		30-Dec-02	No Harassment and Abuse policy had been created or written. Management requested more time to develop policies.	Harassment and Abuse policy created.	Harassment and Abuse policy published in employee manual and all workers and supervisors informed of policy. PC compliance staff verified through worker interviews that all employees were informed of policy.

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Freedom of Movement	Per FLA Benchmark IIB, Harassment and Abuse: 10) Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment. 11) Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, or to access necessary medical attention.	[It was reported in worker interviews that workers] are not always able to leave factory under reasonable conditions. [It was reported in worker interviews that workers who complained of illness were at times not allowed to leave factory] [Workers interviewed] reported being unable to leave factory during their lunch break. Auditors reported that clause 11 of workers' collective bargaining agreements states that workers are entitled to unpaid, 30 minute lunch break (not to be considered as working time) (Attachment B: Collective Bargaining Agreement)			Workers should be allowed to freely exit factory at any time. Workers should be allowed to leave factory at will during 30 minute unpaid lunch break. Workers should have unrestricted access to all facilities (water, toilet). 1) Create policy by October 15, 2002 that prevents supervisors or guards from using force or restraining workers from leaving production areas or factory grounds or restricting workers use of facilities (water, toilets). 2) Inform supervisors of policy and train supervisors in implementation of policy. 3) Post policy in a public place in factory. 4) Create system for tracking workers in event they leave without explanation during regular working hours.	30-Dec-02	No policy written on freedom of movement. Management stated that they had focused on Wages issue and had not yet created policy.		Freedom of movement policy created and included in worker manual, posted in a public place and all supervisors informed of policy.
5. Nondiscrimination									
Pregnant Women	Per FLA Benchmarks IVB, Nondiscrimination: 1) Employment decisions will be made solely on basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement. 2) Employers will not use pregnancy tests or use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Management reported that factory does not hire pregnant women. Management reported that female applicants are asked about their pregnancy status.			1) Create written policy for discrimination. Policy should state that recruitment and post-hiring decisions are based solely on individual's ability to perform job. Policy should include statement that no pregnancy testing will be performed or requested of employees. Management should not request pregnancy test, should not question applicants of pregnancy status, or have a question about pregnancy on employment application. 2) Post non-discriminatory hiring policy in public place on factory floor and in factory clinic. 3) Inform all workers of policy. 4) Factory clinic personnel should restate policy prior to any medical exam conducted at on-site clinic.	30-Dec-02	No policy on Discrimination had been created or written. Management requested more time to develop policies.	Policy of discrimination created, posted, and all workers and HR staff informed of policies.	
6. Health & Safety									
Fire Safety									
Exit doors	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 3) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	[It was reported in worker interview] that factory's fire exits are locked 15 minutes prior quitting time.			All exit doors should be unlocked and unblocked while workers are in factory. This is a zero tolerance item and requires immediate remediation. H&S Committee should regularly check exits to ensure they are not locked or blocked.	30-Dec-02	All exit doors unlocked and unblocked. H&S committee should regularly check exits to ensure they are unlocked and unblocked.	All exit doors unlocked and unblocked. H&S committee regularly checks.	All exit doors unlocked and unblocked.
Fire Drills	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 3) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Management reported that they conduct fire drills once every two years.		Also noted in PC's audit reports.	Conduct fire drills at least 2 times a year. Record date, time, and time elapsed to evacuate. Maintain record of fire drills on file. Please conduct a fire drill within the next 90 days and advise of the results.	30-Dec-02	Management and workers stated that fire drill had been conducted but no records or documentation maintained.	Fire drill conducted and records maintained on file (time elapsed, 1 minute 30 seconds).	
Worker Training on Fire Extinguishers	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 3) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Management reported that only 5 workers (or less than 3% of workforce) have been given hands-on training in fire extinguisher use. According to management, no additional workers have been oriented in how to operate a fire extinguisher.		Also noted in PC's audit reports.	Train at least 20% of workforce in hands-on use of fire extinguishers. Training should be planned at a minimum of once a year. Training program should be part of H&S policy. Please advise of date of training.	30-Dec-02	No training date had been set at time of visit. Management agreed to provide training.	PC compliance staff verified that fire extinguisher training had been provided and certificates retained on file.	
Fire Extinguishers	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. 3) All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to employees.	Auditors reported that maintenance records for fire extinguishers in production and storage areas were not up to date. According to auditors, factory's records indicate that the last inspection occurred in August 2001.		Also noted in PC's audit reports.	Check fire extinguishers monthly and mark on control tag. Have fire extinguishers checked annually (at a minimum) by an outside agency. Maintain inspection records on file.	30-Dec-02	Fire extinguishers were checked by outside agency (September 2002) and are checked monthly and marked on control tag.	Fire extinguishers checked monthly.	PC compliance staff verified that extinguishers are checked monthly and marked on control tag.
Emergency Lights	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 3) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. 11) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Auditors reported that only 2 of factory's 4 emergency exits were marked with a sign visible from 100 feet away.			Install illuminated signs at each emergency exit and at exits in cafeteria.	30-Dec-02	Signs had not been installed. Management stated that they had to order the signs and requested time for delivery and installation.	PC compliance staff verified that signs were installed.	

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Emergency Lights	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. 3) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Auditors reported that battery-operated emergency lighting was not installed in production or storage areas.			Install emergency lighting in every work area of the factory (including production and storage areas). Test emergency lighting monthly and maintain a record of the tests on file.	30-Dec-02	No progress made at time of visit. Management stated that they had to order emergency lights and requested time for delivery and installation.	PC compliance staff confirmed that emergency lights installed in all areas of the factory.	
Safety Signage	Per FLA Benchmark VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Auditors reported that there were no No Smoking signs, no instructional diagrams for fire extinguisher use, and no detailed fire emergency instructions posted in factory.			Post instructional diagrams for fire extinguisher use, post detailed fire emergency instructions (in Spanish), and post No Smoking signs in factory.	30-Dec-02	No progress made at time of visit.	PC compliance staff verified that fire extinguisher and No Smoking signs have been posted.	
Exit doors	Per FLA Benchmarks VB, Health and Safety: 1) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. 2) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Auditors reported that cafeteria exit doors swing inwardly.			Cafeteria door cannot open out as it will obstruct aisle in production area. Post exit signs and emergency evacuation route maps in cafeteria. Train all workers in emergency evacuation procedures.	30-Dec-02	Cafeteria door cannot open out as it will obstruct aisle in production area. Management has posted exit signs in cafeteria and emergency evacuation route maps. All workers have been trained in emergency evacuation procedures; all workers evacuated in 1 minute 30 seconds in last fire drill. An additional exit door is available in cafeteria.		
Evacuation Routes	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. 3) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Auditors reported that aisles in production area and cafeteria were not clear on day of audit.			All aisles should be free of obstruction and unblocked. Remove items from aisles and store properly. H&S Committee should regularly check aisles to ensure they are not obstructed or blocked.	30-Dec-02	Aisles were unobstructed and items stored at time of visit.	Aisles unblocked and unobstructed.	PC compliance staff confirmed that aisles were not blocked or obstructed.
Evacuation Routes	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. 3) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Auditors reported that emergency exit routes were not painted or marked on production or storage area floors or in cafeteria.			Emergency exit routes should be clearly indicated with markings on floor. Paint arrows indicating emergency evacuation route on aisle floor.	30-Dec-02	No progress made at time of visit. Management requested additional time to paint arrows indicating evacuation route.	PC compliance staff verified that arrows have been painted indicating evacuation route.	
Evacuation Maps	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. 3) All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Auditors reported that emergency evacuation maps were not posted in storage area or in cafeteria.			Emergency evacuation maps should be posted in all work areas. Please post maps in storage room and cafeteria.	30-Dec-02	No progress made at time of visit.	PC compliance staff confirmed that evacuation maps installed in several areas of the factory.	
Medical Care / Accidents and Injuries									
Medical Personnel	Mexican labor law requires factories with more than 100 employees to establish an infirmary supplied with medicines and supplies necessary for emergency medical and surgical attentions and staffed with competent personnel under supervision of surgical doctor (Addendum I: Mexican Federal Labor Law, art. 504). Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits.	Management reported that there is no medical facility or trained medical personnel on site in the factory to respond to workplace injuries.		Also noted in PC's audit reports.	1 individual per 100 employees should be trained in First Aid. First Aid certificates should be on file at the factory. Factory should have required medicines and supplies necessary for emergency medical attention.	30-Dec-02	No progress made at time of visit.		7 people trained in First Aid and PC compliance staff confirmed that certificate is on file.
First Aid kit	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All safety and medical equipment (fire lighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Auditors reported that factory had only 1 first aid kit for factory's 182 workers. In addition, kit did not contain antibacterial ointment, sterile gloves, or a tourniquet.			Supply an additional First Aid kit; there should be 1 kit per 100 workers. First Aid kit should be adequately stocked to include bandages, sterile gauze, adhesive tape, disinfectant/antiseptic cleanser, antibiotic/antibacterial ointment, sterile gloves, a tourniquet, and analgesic pills.	30-Dec-02	No progress made at time of visit.	PC compliance staff verified that additional first aid kit installed on production floor and it is checked monthly.	
Sanitation Kitchen / Canteen / Toilets									
Toilets	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Although auditors reported that most of the toilet facilities were clean on day of audit, [it was reported in worker interviews] that toilet facilities are not normally clean.		Also noted in PC's audit reports.	All toilet facilities should be cleaned and serviced regularly. There should be a management system in place to ensure that toilets are cleaned regularly. H&S Committee should verify that toilet facilities are cleaned regularly.	10/15/2002	October 2002: No progress made at time of visit. Management agreed to develop system to ensure that toilets are stocked adequately.	January 2003: Toilets are stocked regularly; cleaning department checks and restocks toilets several times a day.	



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Dust Mask	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	Auditors reported that airborne dust/fiber particles in production and storage areas was dense. Although production area is air conditioned, auditors judged ventilation of fresh air into area to be minimal and described temperatures from medium to hot in production area. Auditors judged ventilation of fresh air in storage area as also minimal. [It was reported in worker interviews that workers] are provided with dust masks but do not wear them because they feel like they are suffocating when doing so. Auditors believe this reaction is due to lack of adequate ventilation and high temperatures in factory.			1) Please advise of existing ventilation in production and storage areas. 2) Please advise of methods planned to improve ventilation of dust/particulate and fumes. 3) Conduct air quality testing of these areas to determine whether exposure exceeds safety levels. 4) Provide all workers with PPE/masks for protection against dust and fumes, inform all workers of health hazards of not wearing PPE and post signs requiring use of PPE.	30-Dec-02	Workers are provided PPE. Management agreed to reinforce to workers and supervisors the use of PPE.	2 extraction fans available in production area to improve ventilation. Plant undergoes regular cleaning to reduce dust and fibers in general work areas.	Air quality tests results showed total particulates in air are within the norms. Documentation of air quality testing on file.
	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	Auditors judged factory to be reasonably clean, but did note a high density of airborne dust/fiber particles and clothes scraps on production floor. [Worker interviews] reported that factory is not kept clean.			Improve general cleanliness of factory to control dust/fiber particles. Clean factory (top to bottom) with more frequency. H&S Committee should include general cleanliness in weekly review. Instruct each worker in cleaning their work station daily.	30-Dec-02	No progress made at time of visit. Management agreed to implement regular and thorough cleaning system and instruct workers in cleaning their work station daily.	Factory cleaned regularly (last cleaning top to bottom performed December 2002). Workers clean their workstation daily. H&S committee checks cleanliness of factory regularly.	
Worker Safety	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	[It was reported in worker interviews] that the fluorescent light bulbs in factory fall down easily and have fallen on top of the heads of some workers.			Ensure that light fixtures and light bulbs are secured. Maintenance should regularly check and service light fixtures. H&S Committee should include light fixtures as part of their weekly review.	30-Dec-02	No progress made at time of visit.	Light fixtures have been secured. Maintenance regularly checks lights to ensure they are securely attached.	
Chairs	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits.	No stools or chairs available for workers whose job requires them to stand all day			Provide workers whose job requires them to stand all day with stools or chairs so that they may sit when workflow permits. Provide rubber mats for workers to stand on while working to reduce the stress and strain of standing.	30-Dec-02	No progress made at time of visit.	Stools and rubber mats for ergonomic support provided for all standing workers.	
Personal Protective Equipment (PPE)									
Dust Mask (see also Working Conditions, Dust Mask above)	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Auditors reported that none of the workers in production area were wearing dust masks despite the dense concentration of airborne particulate in area. [It was reported in worker interviews that workers] are provided with dust masks but do not wear them because they feel like they are suffocating. (See Working Conditions.)			Require the use of PPE/dust masks to avoid health hazards or injury. Post signs reminding workers to use PPE/masks; supervisors should remind workers to use PPE/masks.	30-Dec-02	No progress made at time of visit.	Signs requiring use of PPE posted and workers informed of correct use of PPE. Workers provided with PPE necessary for their job. New employees provided information at orientation on use of PPE.	
Ear Protection	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Auditors reported that, at the time of audit, noise levels in productions area exceeded 85 dB.			Provide workers with proper hearing protection in the production area.	30-Dec-02	No progress made at time of visit.	Workers have been provided with hearing protection, trained in the use and signs posted regarding the use of hearing protection.	
Instructions	Per FLA Benchmarks VB, Health and Safety: 1. Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste. 3) All documents required to be available to workers and management by applicable laws (policies, MSDS, etc.) shall be made available in prescribed manner and in local language or language spoken by majority of the workers if different from local language.	The auditors reported that no notices on the recommended or required use of PPE were posted in the factory.			Post instructional posters in all work areas regarding proper use of PPE and health and safety risks of not using PPE.	30-Dec-02	No progress made at time of visit.	PC compliance staff verified that signs for the required use of PPE posted.	

	Findings				Remediation		Remediation Updates	Remediation Updates	Remediation Updates
FLA Code/ Compliance issue	FLA Benchmark and/or Legal Reference	Verite Findings	Best Practice - Verite Findings	PC Internal Audit Findings	PC Remediation Plan	Target Completion Date	PC Updates/Follow-up Comments for October 2002	PC Updates/Follow-up Comments for January 2003	PC Updates/Follow-up Comments for March 2003
Training	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste. 3) All documents required to be available to workers and management by applicable laws (policies, MSDS, etc.) shall be made available in prescribed manner and in local language or language spoken by majority of the workers if different from local language.	[It was reported in worker interviews] that the factory has provided no information on the health and safety risks of not using personal protective equipment.			Provide training (at least once a year) on the proper use of PPE and the health risks associated with not using PPE. Please advise of the date of training on use of PPE.	30-Dec-02	No progress made at time of visit.	Training provided on the use of PPE. Training provided to all new employees in orientation on the use of PPE.	
Safety Belts	Per FLA Benchmarks VB, Health and Safety: 1) Employer will comply with applicable H&S laws and regulations. In any case where laws and CoC are contradictory, higher standards will apply. Factory will possess all legally required permits. 2) Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	[It was reported in worker interviews that warehouse workers are] not provided with a safety/support belt.			Provide workers in the storage area to access to safety/lifting belts (for back protection) needed for the job. Instruct workers on the correct use of safety/lifting belts.	30-Dec-02	PC compliance staff verified that workers are provided safety belts. Workers are informed that the use of safety belts is required for workers in the storage area.		
7. Freedom of Association & Collective Bargaining									
	Mexican Constitution and Mexican Federal Labor Law permit workers to form and join trade unions (Addendum I: Mexican Federal Labor Law, art. 375). The law also allows for clauses in union contracts that require employers to hire only workers who are members of union and to dismiss workers who quit union or who are expelled by union (Addendum I: Mexican Federal Labor Law, art. 395) The adidas-Salomon Standards of Engagement requires their suppliers to "recognize and respect the right of workers to join and organize associations of their own choosing" (Attachment C:adidas-SalomonStandar of Engagement). Per FLA Benchmarks IVB, Freedom of Association: 1) Employer will not interfere with right to freedom of association by controlling workers' organizations or favoring one workers' organization over another .	[It was reported in worker interviews that workers] did not freely choose to be a member of factory's union. [It was reported in worker interviews] that union is not independent or autonomous, and [workers interviewed] judged the union to be ineffective.			1) Factory management needs to understand and be committed to rights of workers to join and organize associations of their choosing and to bargain collectively. 2) Management should not hinder or obstruct workers who wish to legally associate and collectively bargain. 3) Factory management should create a worker/management communication group and ensure that they are effective, formal communication channels between workers and managers by November 1, 2002. Goal of communications group is to improve communication between workers and management and to promote an informed workplace. Group should (a) identify issues for discussion regarding working conditions and workers rights, (b) meet regularly, record minutes of meetings and retain on file, (c) record any changes that are made as a result of suggestions or discussion in meetings and (d) inform rest of workplace of issues discussed.	30-Dec-02	1) Management stated commitment to rights of workers to join and organize associations of their choosing and to bargain collectively. 2) Management stated their commitment not to obstruct workers from freely associating or collectively bargaining. 3) Management agreed to create a worker management communication group that will meet regularly and discuss workplace issues to ensure there are effective methods of communication.		Worker management communication group started and records of issues recorded. PC compliance staff verified that there are effective channels of communication between workers and management. Ongoing monitoring will be performed.
8. Wages and Benefits									
Regular and Overtime Wages	Legal minimum wage for general workers in zone A is 42.15 pesos (US\$4.30) per day and sewers in a garment factory is 54.40 pesos (US\$5.55) per day (Addendum II: Current Legal Minimum Wages for 2002). Per FLA Benchmarks VIIB, Wages and Benefits: 1) Employers will pay workers legal minimum wage or prevailing industry wage, whichever is higher.	According to auditors analysis of sample personnel files and corresponding pay slips, [worker] earns day rate of 42.15 pesos (US\$4.30), or a rate below the professional legal minimum for his category (Attachment D: Sample Employment Application; Attachment E: Sample Pay Slip). In addition, [it was reported in worker interviews that sewers earn] a base wage of between 41 and 50 pesos (\$4.18-5.10) per day.		Also noted in PC's audit reports.	Sewers should be paid legal professional minimum wage for their category (54.40 pesos per day), adidas requested and received a commitment letter from [Factory] management stating July 31, 2002 as the date that professional minimum wage for sewers would be implemented.	30-Oct-02	As of September 27, 2002 no professional minimum wage had been implemented. As per email dated September 30, 2002 wages will be paid by October 18, 2002. October 2002: policy and procedures for implementation of professional mimum wage had been created and posted. Workers were informed verbally. PC compliance staff received payouts verifying that workers have received professional minimum wage. Management paid qualified sewers retroactive payments (to July 31).		Additional sewers earning professional minimum wage; reviews of qualifications performed weekly to determine those that will obtain professional minimum wage.
Benefits and Deductions	Per FLA Benchmarks VIIB, Wages and Benefits: 1) Employers will provide all legally mandated benefits to all eligible workers.	[It was reported in worker interviews that workers designated as trainees] have not been enrolled in government's social security program, which entitles them to health care, retirement insurance, and workman's compensation. According to management, Mexican law requires employees to be enrolled into the government's social security program within one week after being hired.			Provide all workers with legally mandated benefits (IMSS - social security) within first week of employment. 1) Provide all workers with a written copy of employment benefits. 2) Inform all workers on employee benefits and that they are provided benefits within first week of employment. 3) Post copy of benefits information in public place in factory, including start date information.	30-Dec-02	Workers are provided mandated benefits from the first day of employment.	PC compliance staff verified that workers are informed of their benefits; benefit information available in employee manual, distributed to all workers, and posted in public place in factory. Newly hired workers are informed of their benefits in the first day orientation session.	
Maternity Benefits	Mexican labor law requires employers to provide pregnant women with 6 weeks of paid maternity leave prior to giving birth and 6 weeks of paid leave after giving birth, plus additional time of up to 70 days with half pay, if needed (Addendum I: Mexican Federal Labor Law, art. 170). Per FLA Benchmarks VIIB, Wages and Benefits: 1) Employers will provide all legally mandated benefits to all eligible workers.	[In worker interviews, a case was reported in which a worker] had yet to be paid for maternity leave.			Maternity leave payments are made by IMSS, national social security and medical benefit providers, not factory. However, factory should inform employees of their benefits and process for reimbursement. Recommendation is that management: 1) Provide workers with a written copy of employee benefits, 2) Post benefits information in a public place, 3) Distribute written copy of benefits information to all workers, 4)Inform workers of their benefits status regularly. Conduct informational seminars on benefits so that workers may understand and ask questions.	30-Dec-02	One worker has not been reimbursed by IMSS for maternity leave. Factory Human Resources manager investigated the late reimbursement and determined that it was due to late payment by social security.	Workers have been explained their benefits.	All workers provided information on health benefits in employee manual and information posted in public place in the factory.
Production Quotas	Per FLA Benchmarks VIIB, Wages and Benefits: 1) Regardless of any production quotas, incentives will not be reduced or unpaid if the result will be wages below the minimum wage.	[It was reported in worker interviews] that the production quotas set by factory are not reasonable. However, [worker interviews did not reveal] penalties for not reaching [the] production quota.			Review production quotas to ensure that they are reasonable. 1) Please advise of current production quotas. 2) Advise what percentage of workers achieve their production quota. 3) Analyze if production quotas are obtained by a majority of workers and adjust as needed. 4) Follow-up review and discussion will be needed to determine if quotas are reasonable.	30-Dec-02	Management stated that production quotas were not being recorded accurately. Management has enforced correct and accurate recordkeeping and document production quotas.	Analysis of production quotas determined that records were not accurate previously; current records indicate that current production targets are reasonable; according to worker interviews and management production targets are reasonable.	
Pay Practices	Per FLA Benchmarks VIIB, Wages and Benefits: 1) In general, workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information. 2) Employers will communicate orally and in writing to all employees in language of worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	[It was reported in worker interviews] that [workers] do not understand how their wages are calculated.			Provide workers with sufficient information for understanding how their pay is calculated and to confirm their pay is accurate. Train workers on how pay is calculated. Post a written explanation of pay calculations in a public place for reference.	30-Dec-02	Management stated that supervisors explain to workers how pay is calculated. In interviews, workers stated that they may ask supervisors for an explanation of how pay is calculated if they did not understand; approximately 1/3 of workers interviewed (of 10) did not understand how pay is calculated.	Workers provided with verbal explanation of how pay is calculated. Pay calculation information provided in employee manual. New hires provided with verbal explanation by supervisors and written information in manual on how pay is calculated.	

